



Agenda Date: 8/16/06
Agenda Item: IV A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

IN THE MATTER OF THE VERIFIED
PETITION OF GLOBAL CROSSING NORTH)
AMERICAN NETWORKS, INC. AND GLOBAL
CROSSING LOCAL SERVICES, INC. FOR
AUTHORITY TO PROVIDE THEIR
SECURITY IN CONNECTION WITH
FINANCING

TELECOMMUNICATIONS

ORDER

DOCKET NO. TF06050378

(SERVICE LIST ATTACHED)

BY THE BOARD:

On May 22, 2006, Global Crossing North American Networks, Inc. and Global Crossing Local Services, Inc. (the "Petitioners") filed a petition with the Board of Public Utilities ("Board") requesting approval to participate in certain debt and debt-related financings. Under those arrangements, Petitioners will provide their guarantee, serve as a co-borrower, or otherwise provide security in connection with various financings of up to \$200 million being arranged for their parent company, Global Crossing North America, Inc. ("Parent").

Global Crossing North American Networks, Inc. is a New York corporation, and Global Crossing Local Services, Inc. is a Delaware corporation. The Petitioners are wholly-owned subsidiaries of Parent, a Delaware corporation, which is in turn a wholly-owned subsidiary of Global Crossing Limited, an exempt company with limited liability organized under the laws of Bermuda (the Petitioners, Parent, and Global Crossing Limited, collectively "Global Crossing"). The Petitioners and Parent are headquartered in Pittsford, New York. Global Crossing Limited is headquartered in Hamilton HM 12, Bermuda.

According to the Petitioners, Global Crossing provides telecommunications solutions over the world's first integrated global IP-based network. Its core network connects more than 300 major cities in 29 countries worldwide, and delivers services to more than 600 cities in 60 countries and six (6) continents around the globe. Global Crossing offers a full range of managed data and voice products to 36 percent of the Fortune 500, as well as 700 carriers, mobile operators and ISPs. Parent's subsidiaries are authorized to provide telecommunications services in all 50 states and the District of Columbia. In New Jersey, the Petitioners are authorized to provide intrastate telecommunications services. The Petitioners are also authorized by the Federal Communications Commission ("FCC") to provide interstate telecommunications services. In addition, Global Crossing North American Networks, Inc. is authorized by the FCC to provide international telecommunications service.

According to the petition, the Petitioners propose that Parent and/or the Petitioners obtain up to \$200 million through one or more financing arrangements with banks, other financial institutions and/or other types of investors (the "Financings"). Current proposed Financings include a \$55 million revolving senior credit facility from a commercial bank. The Parent and Petitioners may obtain other Financings in the future, limited to the overall request for \$200 million in total.

The exact amounts and terms of each Financing, which may be completed in multiple tranches, will not be finalized until the specific arrangement(s) have been completed or shortly before funding of the various transactions, and will reflect the market conditions then existing. Some of the terms, such as interest rate, may fluctuate during the term of the Financing due to changes in market conditions and the financial condition and/or the performance of the Borrowers. The maximum financing will be no more than \$200 million.

Petitioners state that approval of the proposed financing arrangements will serve the public interest by enhancing the ability of Petitioners to grow and compete in the highly competitive markets for telecommunications services in New Jersey and nationwide. Approval of the financing transaction described herein is not expected directly to affect in any way the rates or services of Petitioners or their affiliates, or result in any change in control of Petitioners or their affiliates. Petitioners state that the financing arrangement will provide Petitioners with the financial resources needed to further grow and expand their businesses and to compete in today's highly competitive telecommunications environment. Furthermore, Petitioners state that the financing transaction would have little effect on customers in New Jersey or elsewhere.

The Division of the Ratepayer Advocate has reviewed this matter and, by letter dated July 10, 2006, recommends the Board approve this petition.

After a thorough review of the petition and all related documents, and the recommendation of Board staff, the Board FINDS that the proposed borrowing is in accordance with the law and that the purposes thereof should be approved.

The Board, after being satisfied with the actions as proposed by Petitioners as indicated above, and approving the purposes thereof, HEREBY ORDERS that Petitioners be and are HEREBY AUTHORIZED to participate in the financing transaction as hereinabove described.

This Order is subject to the following provisions:

1. Petitioners shall notify the Board, within five business days, of any material changes in the Financings, and shall provide complete details of such transactions including any anticipated effects upon service in New Jersey.
2. Petitioners shall notify the Board of any material default on the terms of the Financings within five business days of such occurrence.
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

4. This Board's approval is expressly limited to the financing described herein and as more fully described in the Petition and supporting documents.
5. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioners.
6. This Order shall not affect nor in any way limit the exercise of the authority of this Board, or of the State of New Jersey, in any future petition or in any proceedings with respect to rates, franchises, services, financing (including the method of sale of securities), accounting, capitalization, depreciation or in any other matters affecting the Petitioners.
7. The overall financing authorized, in whatever tranches are selected by the Petitioner, shall not exceed in total the requested \$200 million.

8. The authorizations contained in this Order will become null and void as to any and all aspects of the overall \$200 million Financing that are not in place and noticed to the Board within 365 days of the issuance of this Order.

DATED: *August 18, 2006*

BOARD OF PUBLIC UTILITIES
BY:

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JEANNE M. FOX
PRESIDENT

Frederick F. Butler
FREDERICK F. BUTLER
COMMISSIONER

Connie O. Hughes
CONNIE O. HUGHES
COMMISSIONER

Joseph L. Fiordaliso
JOSEPH L. FIORDALISO
COMMISSIONER

Christine V. Bator
CHRISTINE V. BATOR
COMMISSIONER

ATTEST:

Kristi Izzo
KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

Kristi Izzo

SERVICE LIST

**In the Matter of the Verified Petition of Global Crossing North American Networks, Inc.
and Global Crossing Local Services, Inc. for Authority to Provide Their Security in
Connection with Financing**

Docket No. TF06050378

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